

Rural Utilities Service, USDA

§ 1777.21

should contain documentation to support this determination.

§ 1777.13 Project priority.

Paragraphs (a) through (d) of this section indicate items and conditions which must be considered in selecting preapplications for further development. When ranking eligible preapplications for consideration for limited funds, Agency officials must consider the priority items met by each preapplication and the degree to which those priorities are met.

(a) *Preapplications.* The preapplication and supporting information submitted with it will be used to determine applicant eligibility and the proposed project's priority for available funds. Applicants determined ineligible will be advised of their appeal rights in accordance with 7 CFR part 11.

(b) *State Office review.* All preapplications will be reviewed and scored for funding priority at each State Office using RUS Bulletin 1777-2. Funds will be requested from the National Office, Attention: Water and Waste Processing, using RUS Bulletin 1777-3. Eligible applicants that cannot be funded should be advised that funds are not available and advised of their appeal rights as set forth in 7 CFR part 11.

(c) *National Office.* The National Office will allocate funds on a project-by-project basis as requests are received. If the amount of funds requested exceeds the amount of funds available, the total project score will be used to select projects for funding. The RUS Administrator may assign up to 35 additional points that will be considered in the total points for items such as geographic distribution of funds, severity of health risks, etc.

(d) *Selection priorities.* The priorities described below will be used to rate preapplications and in selecting projects for funding. Points will be distributed as indicated in paragraphs (d)(1) through (d)(5) of this section and will be used in selecting projects for funding. A copy of RUS Bulletin 1777-2, used to rate applications, should be placed in the case file for a future reference.

(1) *Population.* The proposed project will serve an area with a rural population:

- (i) Not in excess of 1,500—30 points.
- (ii) More than 1,500 and not in excess of 3,000—20 points.
- (iii) More than 3,000 and not in excess of 5,500—10 points.

(2) *Income.* The median household income of population to be served by the proposed project is:

- (i) Not in excess of 50 percent of the statewide nonmetropolitan median household income—40 points.
- (ii) More than 50 percent and not in excess of 60 percent of the statewide nonmetropolitan median household income—20 points.
- (iii) More than 60 percent and not in excess of 70 percent of the statewide nonmetropolitan median household income—10 points.

(3) *Joint financing.* The amount of joint financing committed to the proposed project is:

- (i) Twenty percent or more private, local, or State funds except Federal funds channeled through a State agency—10 points.
- (ii) Five to 19 percent private, local, or State funds except Federal funds channeled through a State agency—5 points.

(4) *Colonia.* (See definition in § 1777.4.) The proposed project will provide water and/or waste disposal services to the residents of a colonia—50 points.

(5) *Discretionary.* In certain cases, the State Program Official may assign up to 15 points for items such as natural disaster, to improve compatibility/coordination between the Agency's and other agencies' selection systems, to assist those projects that are the most cost effective, high unemployment rate, severity of health risks, etc. A written justification must be prepared and attached to RUS Bulletin 1777-2 each time these points are assigned.

§§ 1777.14–1777.20 [Reserved]

§ 1777.21 Use of funds.

(a) *Applicant.* Funds may be used to:

- (1) Construct, enlarge, extend, or otherwise improve community water and/or waste disposal systems. Otherwise